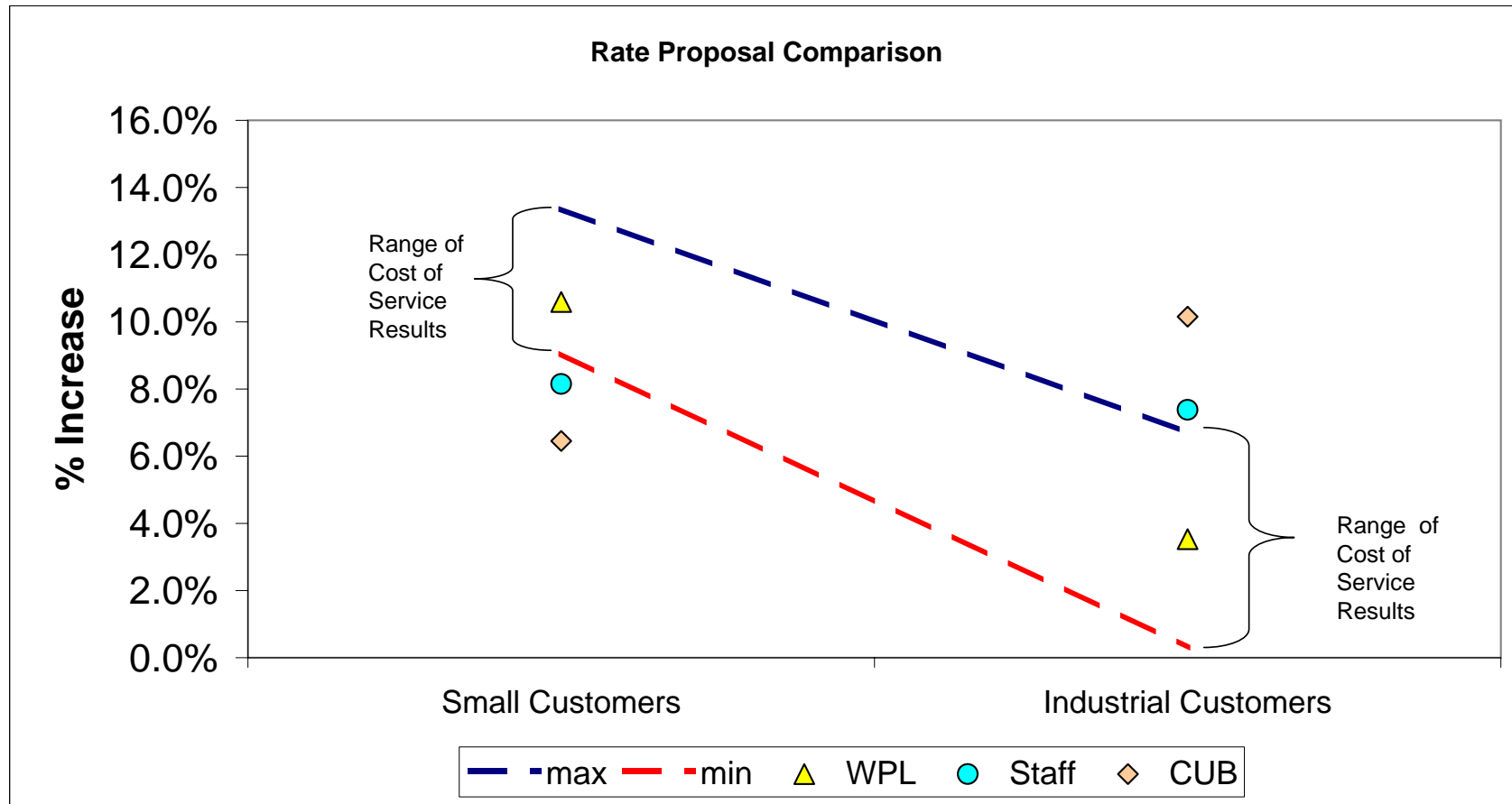


Wisconsin Power and Light Company
Docket 6680-UR-117
Comparing Rate Proposals to Cost of Service Guidance

Exhibit 9 (BEP), Schedule 1
Docket 6680-UR-117
Wisconsin Power and Light Company
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Public Service Commission of Wisconsin
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The graph illustrates how the rate design proposals for small customers (general service and streetlighting tariffs) compare to the range of cost of service studies.

Cost of Service methodologies in the range above include COSS A, B, C, as well as cost of service modifications proposed by CUB and WIEG in direct testimony.

WPL's proposal is the only rate design proposal that produces results falling within the range of cost of service results.

Staff Revenue Requirement:

| <u>Overall Cost of Service Results:</u> | | | | | | <u>Rate Recovery Proposals</u> | | |
|---|---------------|------------------|---------------|---------------|-----------------|--------------------------------|--------------|--------------|
| | <u>COSS A</u> | <u>COSS WIEG</u> | <u>COSS B</u> | <u>COSS C</u> | <u>COSS CUB</u> | <u>WPL</u> | <u>Staff</u> | <u>CUB</u> |
| Small | 13.4% | 13.0% | 11.9% | 9.3% | 9.1% | 10.6% | 8.2% | 6.5% |
| Commercial | 0.9% | -0.5% | 0.6% | 5.2% | 4.6% | 6.1% | 7.4% | 8.0% |
| Industrial | <u>0.3%</u> | <u>1.3%</u> | <u>3.0%</u> | <u>6.1%</u> | <u>6.7%</u> | <u>3.5%</u> | <u>7.4%</u> | <u>10.2%</u> |
| Overall | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% |

| <u>Industrial Customer Analysis:</u> | | | | | | <u>Rate Recovery Proposals</u> | | |
|--------------------------------------|---------------|------------------|---------------|---------------|-----------------|--------------------------------|--------------|--------------|
| | <u>COSS A</u> | <u>COSS WIEG</u> | <u>COSS B</u> | <u>COSS C</u> | <u>COSS CUB</u> | <u>WPL</u> | <u>Staff</u> | <u>CUB</u> |
| Cp-1 | 2.2% | 2.8% | 4.1% | 7.9% | 8.3% | 3.6% | 7.3% | 9.5% |
| Cp-2 | <u>-8.2%</u> | <u>-5.2%</u> | <u>-1.9%</u> | <u>-2.1%</u> | <u>-0.7%</u> | <u>3.3%</u> | <u>7.9%</u> | <u>13.0%</u> |
| Industrial | 0.3% | 1.3% | 3.0% | 6.1% | 6.7% | 3.5% | 7.4% | 10.2% |

WPL Direct Revenue Requirement:

| <u>Overall Cost of Service Analysis:</u> | | | | | | <u>Rate Recovery Proposals</u> | | |
|--|---------------|------------------|---------------|---------------|-----------------|--------------------------------|--------------|--------------|
| | <u>COSS A</u> | <u>COSS WIEG</u> | <u>COSS B</u> | <u>COSS C</u> | <u>COSS CUB</u> | <u>WPL</u> | <u>Staff</u> | <u>CUB</u> |
| Small | 19.1% | 19.6% | 18.4% | 15.5% | 15.2% | 12.4% | 9.8% | 7.5% |
| Commercial | 3.6% | 3.1% | 4.3% | 9.4% | 8.8% | 7.2% | 8.4% | 9.9% |
| Industrial | <u>5.4%</u> | <u>4.7%</u> | <u>6.5%</u> | <u>9.9%</u> | <u>10.6%</u> | <u>4.1%</u> | <u>8.3%</u> | <u>11.9%</u> |
| Overall | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 9.2% | 9.2% | 9.2% |

| <u>Industrial Customer Analysis:</u> | | | | | | <u>Rate Recovery Proposals</u> | | |
|--------------------------------------|---------------|------------------|---------------|---------------|-----------------|--------------------------------|--------------|--------------|
| | <u>COSS A</u> | <u>COSS WIEG</u> | <u>COSS B</u> | <u>COSS C</u> | <u>COSS CUB</u> | <u>WPL</u> | <u>Staff</u> | <u>CUB</u> |
| Cp-1 | 6.7% | 6.2% | 7.7% | 11.9% | 12.4% | 4.2% | 8.2% | 11.5% |
| Cp-2 | <u>-0.3%</u> | <u>-2.4%</u> | <u>1.1%</u> | <u>0.8%</u> | <u>2.4%</u> | <u>3.9%</u> | <u>8.9%</u> | <u>13.8%</u> |
| Industrial | 5.4% | 4.7% | 6.5% | 9.9% | 10.6% | 4.1% | 8.3% | 11.9% |

Note: COSS C was calculated by applying the specific adjustments noted by Staff in direct testimony. This includes changing the production plant allocator to 75% demand and 25% energy, as well as changing the distribution allocator to be 100% on non-coincident demand. Composite Allocations update to reflect the changes in direct allocators.

COSS CUB was calculated by applying the specific adjustments noted by CUB in direct testimony. This includes changing the production plant allocator to 40% demand and 60% energy, as well as changing the distribution allocator to be 100% on non-coincident demand. Composite Allocations update to reflect the changes in direct allocators.

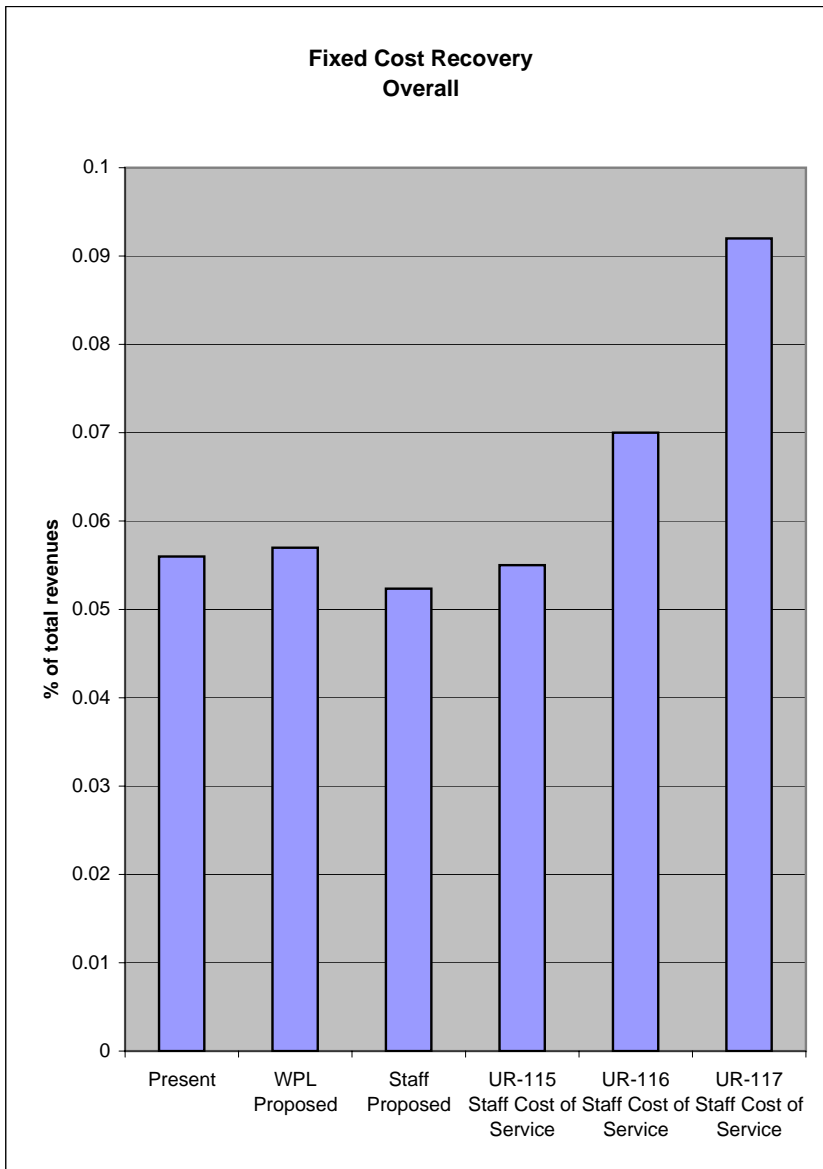
COSS WIEG was calculated by applying the specific adjustments to COSS B noted by WIEG in direct testimony. This includes changing the production plant allocator to 100% 4CP demand, change demand-related O&M allocators to 4CP, and interruptible credit expense to 4 CP. Composite Allocations update to reflect the changes in direct allocators.

The WPL Rate Recovery Proposal under Staff Revenue Requirement follows WPL's recommended guidance in rate design, assuming the revenue requirement differential from the direct testimony proposal is allocated to rate classes to maintain the relationship among the proposed rate class percentage changes to the total change as presented in the Company's direct testimony.

The PSCW Staff Rate Recovery Proposal under WPL direct revenue requirement assumes Staff's recommended guidance in rate design, assuming the revenue requirement differential from the direct testimony proposal is not associated with a specific allocator, and is allocated to rate classes based on present revenues, as presented in Staff's direct testimony.

The CUB rate design follows CUB's recommendation in direct testimony to allocate the increase based on Energy.

Wisconsin Power and Light Company
Docket 6680-UR-117
Fixed Cost Recovery Analysis



WPL's proposed rate design maintains the existing portion of fixed costs recovered from customer charges.

PSCW Staff proposal recommends to keep customer charges unchanged, which shifts additional fixed cost recovery to volumetric rates. This position is contrary to Staff cost of service guidance.

Cost Analysis, including PSCW Staff's Cost of Service Analysis from 6680-UR-115 through 6680-UR-117 has indicated a substantial increase in the percentage of customer-related fixed costs.

Wisconsin Power and Light Company
Fixed and Variable Cost Recovery Analysis

PSCW Staff

Present Revenues

| | total | small | commercial | industrial | other |
|----------|--------------------|--------------------|-------------------|--------------------|------------------|
| fixed | 52,341,854 | 43,154,647 | 969,384 | 2,835,989 | 5,381,833 |
| variable | <u>882,617,220</u> | <u>483,470,701</u> | <u>94,527,085</u> | <u>302,036,670</u> | <u>2,582,764</u> |
| Total | 934,959,073 | 526,625,348 | 95,496,469 | 304,872,659 | 7,964,597 |
| fixed | 5.6% | 8.2% | 1.0% | 0.9% | 67.6% |
| variable | <u>94.4%</u> | <u>91.8%</u> | <u>99.0%</u> | <u>99.1%</u> | <u>32.4%</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Proposed Revenues

| | total | small | commercial | industrial | other |
|----------|--------------------|--------------------|--------------------|--------------------|------------------|
| fixed | 52,772,954 | 43,154,647 | 969,384 | 2,835,989 | 5,812,933 |
| variable | <u>955,312,993</u> | <u>526,375,988</u> | <u>101,587,362</u> | <u>324,554,089</u> | <u>2,795,555</u> |
| Total | 1,008,085,947 | 569,530,635 | 102,556,746 | 327,390,078 | 8,608,488 |
| fixed | 5.2% | 7.6% | 0.9% | 0.9% | 67.5% |
| variable | <u>94.8%</u> | <u>92.4%</u> | <u>99.1%</u> | <u>99.1%</u> | <u>32.5%</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Difference

| | | | | | |
|----------|-------------------|-------------------|------------------|-------------------|----------------|
| fixed | 431,100 | - | - | - | 431,100 |
| variable | <u>72,695,774</u> | <u>42,905,287</u> | <u>7,060,277</u> | <u>22,517,419</u> | <u>212,791</u> |
| Total | 73,126,874 | 42,905,287 | 7,060,277 | 22,517,419 | 643,891 |

WPL Direct

Present Revenues

| | total | small | commercial | industrial | other |
|----------|--------------------|--------------------|-------------------|--------------------|------------------|
| fixed | 51,879,445 | 42,691,879 | 969,384 | 2,835,989 | 5,382,193 |
| variable | <u>879,693,651</u> | <u>480,547,132</u> | <u>94,527,085</u> | <u>302,036,670</u> | <u>2,582,764</u> |
| Total | 931,573,096 | 523,239,011 | 95,496,469 | 304,872,659 | 7,964,957 |
| fixed | 5.6% | 8.2% | 1.0% | 0.9% | 67.6% |
| variable | <u>94.4%</u> | <u>91.8%</u> | <u>99.0%</u> | <u>99.1%</u> | <u>32.4%</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

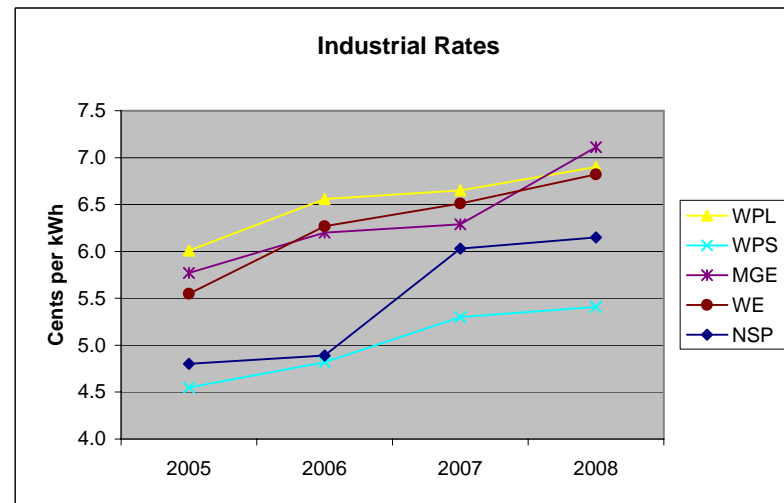
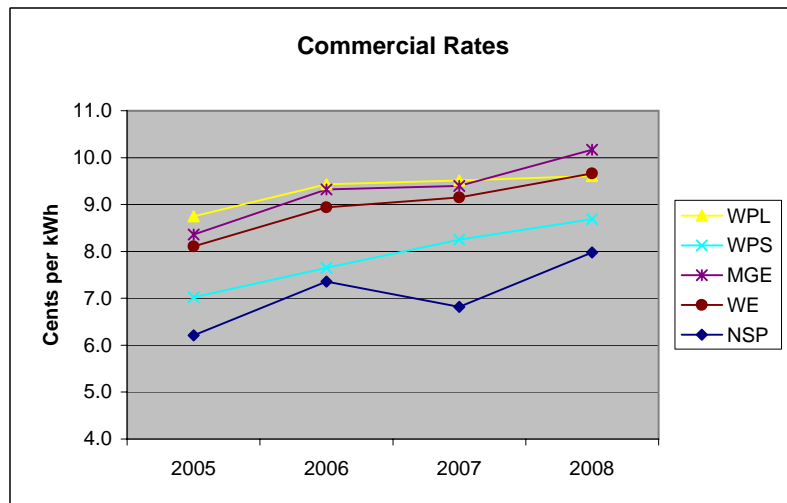
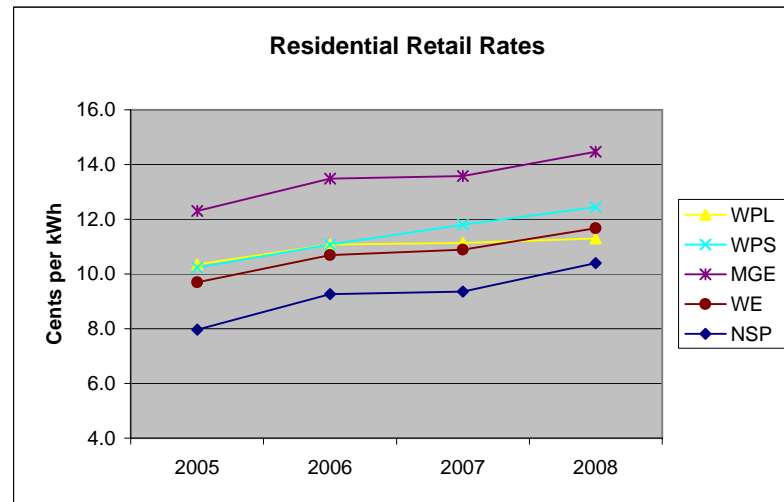
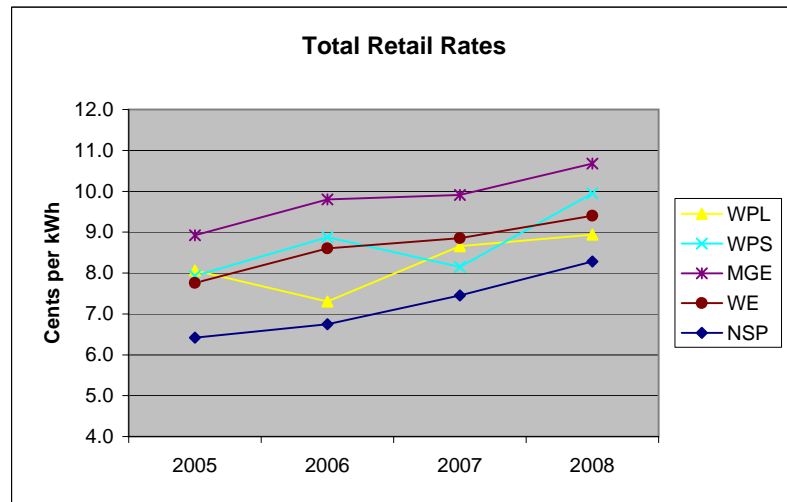
Proposed Revenues

| | total | small | commercial | industrial | other |
|----------|--------------------|--------------------|--------------------|--------------------|------------------|
| fixed | 57,945,245 | 47,964,867 | 1,114,609 | 2,975,235 | 5,890,534 |
| variable | <u>959,096,093</u> | <u>540,517,836</u> | <u>101,222,137</u> | <u>314,523,267</u> | <u>2,832,853</u> |
| Total | 1,017,041,338 | 588,482,703 | 102,336,746 | 317,498,502 | 8,723,387 |
| fixed | 5.7% | 8.2% | 1.1% | 0.9% | 67.5% |
| variable | <u>94.3%</u> | <u>91.8%</u> | <u>98.9%</u> | <u>99.1%</u> | <u>32.5%</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Difference

| | | | | | |
|----------|-------------------|-------------------|------------------|-------------------|----------------|
| fixed | 6,065,800 | 5,272,988 | 145,225 | 139,246 | 508,341 |
| variable | <u>79,402,443</u> | <u>59,970,704</u> | <u>6,695,052</u> | <u>12,486,597</u> | <u>250,089</u> |
| Total | 85,468,242 | 65,243,692 | 6,840,277 | 12,625,843 | 758,430 |

Wisconsin Power and Light Company
Retail Rate Comparisons
EEI Reports



Note: 2005 and 2006 data from EEI: Typical Bills and Average Rates Report Winter 2007
2007 and 2008 data from EEI: Typical Bills and Average Rates Report Winter 2009

Wisconsin Power and Light Company
Retail Rate Comparisons
EEI Reports

Total Retail Rates (Cents per kWh)

| Year | <u>WPL</u> | <u>WPS</u> | <u>MGE</u> | <u>WE</u> | <u>NSP</u> |
|------|------------|------------|------------|-----------|------------|
| 2005 | 8.06 | 7.93 | 8.92 | 7.76 | 6.42 |
| 2006 | 7.30 | 8.88 | 9.80 | 8.60 | 6.75 |
| 2007 | 8.66 | 8.15 | 9.91 | 8.85 | 7.45 |
| 2008 | 8.94 | 9.95 | 10.68 | 9.4 | 8.28 |
| | 10.9% | 25.5% | 19.7% | 21.1% | 29.0% |

Residential (Cents per kWh)

| Year | <u>WPL</u> | <u>WPS</u> | <u>MGE</u> | <u>WE</u> | <u>NSP</u> |
|------|------------|------------|------------|-----------|------------|
| 2005 | 10.35 | 10.23 | 12.30 | 9.70 | 7.97 |
| 2006 | 11.08 | 11.08 | 13.49 | 10.69 | 9.26 |
| 2007 | 11.13 | 11.80 | 13.58 | 10.89 | 9.36 |
| 2008 | 11.30 | 12.45 | 14.47 | 11.67 | 10.40 |
| | 9.2% | 21.7% | 17.6% | 20.3% | 30.5% |

Commercial (Cents per kWh)

| Year | <u>WPL</u> | <u>WPS</u> | <u>MGE</u> | <u>WE</u> | <u>NSP</u> |
|------|------------|------------|------------|-----------|------------|
| 2005 | 8.75 | 7.02 | 8.36 | 8.11 | 6.21 |
| 2006 | 9.43 | 7.65 | 9.32 | 8.94 | 7.36 |
| 2007 | 9.51 | 8.25 | 9.40 | 9.15 | 6.82 |
| 2008 | 9.61 | 8.69 | 10.17 | 9.66 | 7.98 |
| | 9.8% | 23.8% | 21.7% | 19.1% | 28.5% |

Industrial (Cents per kWh)

| Year | <u>WPL</u> | <u>WPS</u> | <u>MGE</u> | <u>WE</u> | <u>NSP</u> |
|------|------------|------------|------------|-----------|------------|
| 2005 | 6.01 | 4.55 | 5.77 | 5.55 | 4.80 |
| 2006 | 6.56 | 4.82 | 6.20 | 6.27 | 4.89 |
| 2007 | 6.65 | 5.30 | 6.29 | 6.51 | 6.03 |
| 2008 | 6.90 | 5.41 | 7.11 | 6.82 | 6.15 |
| | 14.8% | 18.9% | 23.2% | 22.9% | 28.1% |

Note:

2005 and 2006 data from EEI: Typical Bills and Average Rates Report Winter 2007

2007 and 2008 data from EEI: Typical Bills and Average Rates Report Winter 2009